

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

H. J. HEINZ COMPANY

MAKERS OF THE 57 VARIETIES

ANNUAL REPORT

FOR YEAR ENDED MAY 2

1956

ANNUAL REPORT OF
H. J. HEINZ COMPANY

Makers of the 57 Varieties

FOR THE YEAR ENDED MAY 2, 1956



H. J. HEINZ COMPANY
P. O. BOX 57, PITTSBURGH 30, PA.

INDEX



Directors and Operating Executives	1
Summary of Consolidated Financial Results	2
President's Report to Stockholders and Employees	3
Accountants' Report	8
Statements of Consolidated Income	9
Consolidated Balance Sheets	10
Statements of Consolidated Surplus	12
Notes to Financial Statements	13
Ten-Year Summary of Income Statements	14
Heinz Locations Throughout the World	16
The 57 Varieties	18



TRANSFER AGENTS

City Bank Farmers Trust Company, New York, N.Y.
Mellon National Bank and Trust Company, Pittsburgh, Pa.

REGISTRARS

Guaranty Trust Company of New York, N.Y.
Fidelity Trust Company, Pittsburgh, Pa.

DIVIDEND DISBURSING AGENT

Mellon National Bank and Trust Company, Pittsburgh, Pa.

ANNUAL MEETING

Second Friday of September, 2 p.m., Pittsburgh, Pa.

H. J. HEINZ COMPANY

PITTSBURGH, PA.

BOARD OF DIRECTORS

*H. J. Heinz II	*Frank Armour, Jr.	W. B. Cormack
*H. N. Riley	*F. B. Cliffe	P. K. Shoemaker
A. L. Schiel	J. L. Given	C. L. Rumberger
Charles Heinz	*J. F. Allen	F. T. Sherk

* Member Executive Committee

EXECUTIVE OFFICE

H. J. Heinz II	.....	President
H. N. Riley	.....	Executive Vice President
Frank Armour, Jr.	.....	Vice President
F. B. Cliffe	.....	Vice President and Secretary
J. F. Allen	.....	Vice President—Foreign Operations
C. A. Brinkman	.....	Treasurer
Charles Heinz	.....	Vice President—Personnel
F. C. Heinz	.....	Vice President—Industry Relations

OPERATING EXECUTIVES

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.
Melbourne, Victoria

Resident Directors:

J. A. W. Ross	.....	Managing Director
H. G. Dennett	.....	Finance
W. N. Owen	.....	Sales and Advertising
G. K. Warner	.....	Manufacturing

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.
London, England

Resident Directors:

W. B. Cormack	.....	Managing Director
F. G. Crabb	.....	Deputy Managing Director, Controller & Treasurer
J. E. Hutchinson	.....	Research, Development and Quality Control
A. G. Esslemont	.....	Secretary
A. A. Morgan	.....	Sales
B. A. Harris	.....	Manufacturing and Engineering
J. Eccles	.....	Purchasing

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.
Leamington, Ontario

Resident Directors:

F. T. Sherk	.....	Executive Vice President
M. S. Dixon	.....	Manufacturing
L. D. Crimp	.....	Sales
E. V. Anderson	.....	Marketing

UNITED STATES

H. J. HEINZ COMPANY
Pittsburgh, Pa.

Frank Armour, Jr.	.....	Vice President—U.S.A. Operations
N. E. Daniels	.....	Vice President—Purchases
R. B. Gookin	.....	Comptroller
B. D. Graham	.....	Vice President—Marketing
C. L. Rumberger	.....	Vice President—Research & Quality Control
J. D. Scott	.....	General Sales Manager
P. K. Shoemaker	.....	Vice President—Manufacturing
R. E. Jones	.....	General Manager—Distribution

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

	FISCAL YEAR ENDED		
	May 2, 1956	April 27, 1955	April 28, 1954
	53 Weeks	52 Weeks	52 Weeks
Net Sales	\$262,425,046	\$234,179,207	\$220,632,934
Net Income for the year	\$ 10,583,944	\$ 8,782,324	\$ 5,585,676
Net Income as a Percentage of Net Sales	4.0 %	3.8 %	2.5 %
Net Income per Share of Common Stock	\$ 6.09	\$ 5.02	\$ 3.12
Dividends Paid on Preferred Stock	\$ 300,086	\$ 309,496	\$ 316,757
Dividends Paid on Common Stock	\$ 3,040,014	\$ 3,039,799	\$ 3,040,014
Dividends Paid per Share of Common Stock	\$ 1.80	\$ 1.80	\$ 1.80
Net Income Retained in Business	\$ 7,243,844	\$ 5,433,029	\$ 2,228,905
Net Income Retained per Share of Common Stock	\$ 4.29	\$ 3.22	\$ 1.32
Total Taxes Charged to Income	\$ 14,538,944	\$ 11,684,442	\$ 9,186,707
Total Taxes per Share of Common Stock	\$ 8.61	\$ 6.92	\$ 5.44
New Capital Obtained	\$ 1,075,000	\$ 5,284,000	\$ 1,575,000

PRESIDENT'S REPORT TO STOCKHOLDERS AND EMPLOYEES

H. J. Heinz Company completed its 87th fiscal year on May 2, 1956. By almost any scale of measurement, this was the most satisfactory year in the Company's history.

Consolidated sales for the year were \$262,425,046, which was 12% higher than for fiscal year 1955.

Net income for fiscal year 1956 of \$10,583,944 was 20% greater than in the previous fiscal year. After providing for preferred dividends, this income was equal to \$6.09 per share of common stock, comparing favorably with the \$5.02 per share earned in fiscal year 1955.

Dividends were paid quarterly at an annual rate of \$1.80 on the \$25 par value common stock and at an annual rate of \$3.65 on the \$100 par value preferred stock. This was the 45th consecutive year in which dividends were paid on the Company's common stock.

HEINZ IN THE UNITED STATES

The 1956 sales of H. J. Heinz Company in the United States were 10% higher than sales of 1955. In control of expense, as well as in sales, gains were made during 1956. Accordingly, the United States operation showed a net income increase, after taxes, of 32%. These gains are both encouraging and challenging. They reflect the increasing effectiveness of the Company's marketing program; the soundness of certain expense control techniques instituted several years ago; the greater efficiencies in production; and improvements in the Company's methods of distribution.

The food market continues highly competitive and the last decade's trend toward larger and more completely stocked supermarkets continues unabated in the United States. Every year, more

and more research is devoted to every phase of operations, from the growing of raw materials to processing and distribution of foods, resulting in convenience to and confident use by the consumer.

In marketing alone, continuing consideration is given to such factors as: flavor, consistency, aroma and appearance of the product; material, opening and re-use, size and shape of the package; color, illustrations, brand and variety identification on the label; shelf position and space in stores; brand prestige; prices; continuity and depth in advertising media; and direct and indirect competition of similar and dissimilar products.

Equally detailed research is also required in every step of the production cycle.

H. N. Riley, our Executive Vice President, was chosen by the National Cannery Association to be the keynote speaker at the opening celebration of the 50th Anniversary of the enactment of the Federal Pure Food and Drug Law. This is the law for whose adoption the Founder of this Company worked so vigorously early in the Twentieth Century. In his speech, Mr. Riley said, "Pure food and the Pure Food Law are taken for granted today. This is a great, if unintended, compliment both to the industry and the government. It means that the administration of the law, and the conduct of the industry, have been so satisfactory that the public has had little occasion to be concerned with either."

A new Research and Quality Control Center is now under construction at the Company's Pittsburgh headquarters. Located strategically between (and joining) the General Offices and the Pittsburgh manufacturing area, a new aluminum and glass eight-story building with steel frame will house

the central Research and Quality Control activities of the entire Company, worldwide. A large pilot plant, the outgrowth of earlier and smaller ones, will further facilitate the transition from experimental kitchen to factory production. In ideal laboratory facilities, it will be possible for Heinz scientists, production engineers, and food technologists to study, to experiment, and to perfect new processes, new packages, and new products. These scientific workers will continue to be responsible for setting the Heinz standards of food processing.

The Research and Quality Control Center will contain new quarters for the Company's International Executive Offices. Engineering and Purchasing Departments will be housed in this building and a new reception center for business visitors will be provided on the ground floor.

New Selling Devices

Late in fiscal year 1956, new Heinz Hot Food Vending Machines were installed in several markets. These machines are a new type of coin-operated vending device. They dispense individual tins of ready-to-eat food, served at a 150-degree temperature. Especially developed to vend portion pack tins of such Heinz products as Soups, Stews, Chili Con Carne, Chop Suey, and Spaghetti, the machines provide a much needed facility for in-plant feeding. They have had ready acceptance in plants of all sizes. As yet, it has not been possible to determine the full potential for this method of selling Heinz foods directly to on-the-spot consumers, but we are optimistic about this new market.

During the past year, we inaugurated an automatic self-service device for selling Heinz Strained Foods in grocery stores, called the Roll Rack. This is an ingenious metal and plastic mechanism which employs the simple physical principle of the folded inclined plane, with a gravity feed-down. To stock the Roll Rack, the store clerk feeds in jars of

Heinz Strained Foods at the top. Each type of food has its own runway. The customers take out the jars, one at a time, at the bottom. In the Roll Rack, each variety of Strained Foods is displayed in an orderly fashion. It is easy for the customer to make her variety selection. Replenishing of stock is easy for the store personnel. Jumbled shelf stocks are eliminated.

Electronic Data Processing

We are studying the possible application of electronic data processing to certain of the Company's necessarily voluminous office routines. There is promise of securing improved administrative planning, coordination, and control through the production of more timely, accurate, and meaningful reports concerning many phases of our operations.

Training Personnel and Personnel Benefits

The continued growth and increasing complexity of our business presents new and demanding requirements of all levels of management. Both formally and informally, we give qualified personnel broad experience that will improve their job performance and enable them to assume positions of greater responsibility.

Our Management Training and Development Program gives participants advanced training in many phases of the management field, including communications, human relations, and allied subjects.

A sales training program brings new salesmen from all over the United States to Pittsburgh for intensive indoctrination. This has proved so successful that the program has been expanded to provide similar but more advanced training, at Pittsburgh, to qualified experienced salesmen.

Management personnel from all divisions of the business regularly attend advanced business courses and seminars, meetings, and conferences sponsored

by management, trade and professional associations.

On December 31, 1955, our pension plan was liberalized to provide substantially increased benefits to employees for service prior to 1948, when our present contributory plan was started. The improvement was paid for by the favorable experience under the plan to date, realized appreciation in the value of invested funds, and an additional yearly contribution by the Company.

New Facilities

The program begun last year to modernize our production facilities at two mid-western factories is progressing according to schedule. The rehabilitation amounts to virtual rebuilding of the general purpose factory at Muscatine, Iowa, and to substantial new construction and re-arrangement at the Pickle and Vinegar factory at Holland, Michigan. Most of the construction and relocation of equipment at these plants is expected to be completed in fiscal year 1957.

The transfer of production from the Berkeley, California factory to our expanded plant at Tracy, California has been accomplished in an orderly fashion, without interruption of finished goods supply to our customers. A new Administration Building at Tracy for West Coast Regional Offices was occupied on June 1, 1956. Other important construction required by the consolidation is either completed or nearly so, including new vinegar generator and storage buildings and over 200,000 square feet of storage area. New Quality Control and Factory offices are under construction.

H. J. Heinz Company Foundation

It is the policy of the Company to contribute to philanthropy annually a sum equal to 5% of the pre-tax income from United States operations.

The H. J. Heinz Company Foundation was

established in 1951, to administer funds that become available for educational, scientific, or charitable purposes.

The principal beneficiaries in Pittsburgh and Heinz branch locations are the Red Cross; Community Chests; other health and welfare agencies; educational institutions and hospitals needing assistance for capital improvements.

HEINZ IN GREAT BRITAIN

Sales of H. J. Heinz Company, Ltd., were 17% greater than in the previous year, although there was little change in national food consumption. An increase of 11% in export sales was especially gratifying in view of the limitations imposed by many countries through import quotas and currency restrictions.

Profits were 4% higher in fiscal year 1956 than the excellent showing in 1955, despite increases in costs of fuel, wages, transport and packaging. In Great Britain food prices rose 7%, but there was no significant change in Heinz prices.

Although production facilities at the Company's two factories in Harlesden and Standish operated at near maximum capacity throughout the year, it continued to be impossible to meet consumer demands for Heinz Beans, Soups, Baby Food and Spaghetti.

In fiscal year 1955, H. J. Heinz Company, Ltd. announced construction of a new factory at Kitt Green, near Liverpool, and a long-term program of expansion in processing facilities at Harlesden, London. Progress on both building programs continued through 1956. Before the end of fiscal year 1957, new facilities at Harlesden should provide much-needed increased production of Beans, Soups and Spaghetti. The completion of Kitt Green factory and the commencement of production is scheduled for the autumn of 1957.

Competition is increasing and the British Company is constantly reviewing and improving its

marketing and sales promotion programs. As additional production facilities at Harlesden and at Kitt Green become available, we expect to increase our already substantial share of the market in the major product lines.

In the next five years, in connection with expansion of manufacturing facilities, H. J. Heinz Company, Ltd. will have a heavy program of capital expenditure. Some of this capital will be obtained from retained earnings, but there will be need for temporary additional financing. The Company has applied to the Government's Capital Issues Committee for permission to borrow £3,000,000 from banks. We expect to complete repayment of these term loans, from retained earnings, by December 31, 1960.

HEINZ IN CANADA

H. J. Heinz Company of Canada, Ltd. had sales in fiscal year 1956 that were 11% above those of 1955, thus again establishing a new high. Net income for the year exceeded that of the previous year by 15%. These figures tell the story of the continued high acceptance of Heinz products by Canadian consumers.

During the fiscal year 1956 the Canadian Company began to change its distribution system. Heinz of Canada, like the parent Company, began to utilize the services of wholesalers, group stores, and cooperative groups where these units offered opportunities for improved services and lower costs to the customer. The change-over to wholesaler distribution is expected to be completed within the next fiscal year.

During the year, thirteen varieties, nine of which were Baby Foods, and five new package sizes of established products, were introduced. New varieties and new sizes play an important part in the continued growth of the Canadian Company. Other new products are in the development or market-testing stages.

The growth of Canadian sales volume is making

necessary an expansion of manufacturing operations at the Leamington plant. A new Pickle processing department, incorporating the most modern labor-saving equipment was completed during the past year. To speed up handling of tins through the sterilizing operation and to improve working conditions in this department, a new tin container sterilizing building was also completed.

The Wallaceburg factory, built in 1944 to process tomato solids for export, but no longer needed, was sold at a satisfactory price. Equipment at Wallaceburg was transferred and installed at Leamington, to increase tomato-processing capacity there.

HEINZ IN AUSTRALIA

H. J. Heinz Company Pty., Ltd., continued its steady growth with sales 16% greater than those in the previous year.

While I was visiting the Australian Company in November 1955, the new multi-product factory at Dandenong, Victoria was formally opened by the Honorable Robert Menzies, Prime Minister of Australia. This factory is the largest and most modern food-processing facility in the Southern Hemisphere. It replaces the outgrown facilities at Richmond, Victoria, which were sold at a modest profit. Our green pea processing plant at Devonport, Tasmania was also sold at a satisfactory price, and all production is now consolidated at Dandenong. With Dandenong's large productive capacity available, the Australian House of Heinz is ready to grow with the growing Australian economy and population.

The Australian tomato crop harvested in March and April was poor and the resulting shortage of tomato solids will adversely affect our operations. Some relief has been afforded by the Australian Government's permission to import a small amount of tomato paste. Unless additional imports are authorized, it will retard the rate of growth of the

Company in fiscal year 1957, but we believe that final results will compare favorably with 1956.

Sales of Heinz Baby Foods, introduced only a few years ago, continue to grow with ever-increasing consumer acceptance. Many Australian communities have Baby Health Centers, where mothers of all income levels seek advice for infant feeding. These centers are united in their recommendation of Heinz Baby Foods. In Australia's food stores, there are available 18 varieties of Heinz Strained Foods and nine varieties of Heinz Junior Foods. Other varieties are being developed. As is the case in other countries, the popularity of Heinz Baby Foods in Australia is favorably influencing the purchase of the other "57 Varieties."

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of the shareholders has heretofore been held on the last Tuesday of August each year. Your Directors are of the opinion that this is not a satisfactory date, falling as it does within the traditional summer vacation period. Therefore, a date in mid-September has been selected for the Annual Meeting, effective this year, and the By-Laws of the Company amended accordingly.

This year the meeting will be held September 14, and notices to that effect have been sent to common shareholders of record July 11, 1956.

ORGANIZATIONAL CHANGE

Franklin Bell, after more than 28 years of outstanding service as head of the Company's Advertising and Public Relations Department, retired from that position and from the Board of Directors in March 1956.

OUTLOOK

United States and the other countries in which we operate are enjoying a period of extraordinary prosperity. This does not mean our company is free of problems. It simply means we have a different set of problems from those that prevail in a depressed or stationary economy.

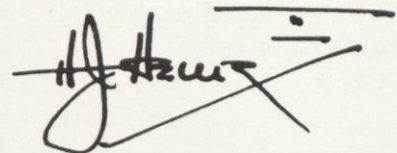
Despite the internal prosperity of Great Britain, its balance of payments is still unsatisfactory. To bring about a better situation, the government has imposed financial controls designed to diminish domestic demands and to stimulate and make available production for export.

Australia has a situation similar to Great Britain's. Its home economy is strong and growing but out of proportion to its faltering and essential export trade. Hence it has increased interest rates, lowered over-draft maximums and restricted imports in an effort to bring about the desired balance.

American economy in the United States and Canada is strong and relatively steady and we anticipate no diminution in the demand for processed foods.

The present controls and those that may be imposed in further attempts to correct imbalance in the countries where we are located have not and are not expected to hamper seriously our ability to grow. We are fortunate that such restrictions generally apply with far greater stringency to durable goods than to foodstuffs and other non-durable goods.

Therefore, we have confidence that we will continue to show outstanding accomplishments. We are well equipped, especially with competent and loyal personnel, for the opportunities of the future.



PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

HENRY W. OLIVER BUILDING

PITTSBURGH 22, PA.

ACCOUNTANTS' REPORT

To the Stockholders,
H. J. Heinz Company:

We have examined the consolidated balance sheet of H. J. Heinz Company and subsidiaries as of May 2, 1956 and the related statements of income and surplus for the fiscal year (53 weeks) then ended. Our examination, which included the Company and its Canadian subsidiary but did not include the British and Australian subsidiaries (which are of major importance), was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As regards the British and Australian subsidiaries, the accounts of which are incorporated in the accompanying consolidated financial statements, as indicated in Note 1, we have been furnished the reports of other independent accountants.

In our opinion, based on our examination and on the reports of other independent accountants, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of H. J. Heinz Company and subsidiaries at May 2, 1956 and the results of their operations for the fiscal year (53 weeks) then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

June 8, 1956

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

	Fiscal year ended	
	May 2, 1956 (53 weeks)	April 27, 1955 (52 weeks)
NET SALES.....	\$262,425,046	\$234,179,207
COST OF SALES.....	170,487,408	151,890,465
GROSS PROFIT.....	91,937,638	82,288,742
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including management profit sharing plan, \$1,650,315 in 1956; \$1,256,750 in 1955).....	70,121,011	62,740,130
OPERATING PROFIT (after provision for depreciation of \$3,324,006 in 1956).....	21,816,627	19,548,612
OTHER INCOME.....	741,859	475,452
	<u>22,558,486</u>	<u>20,024,064</u>
OTHER DEDUCTIONS:		
Interest expense.....	916,607	965,028
Miscellaneous.....	(525,000)	525,000
	<u>391,607</u>	<u>1,490,028</u>
	<u>22,166,879</u>	<u>18,534,036</u>
PROVISION FOR TAXES ON INCOME:		
Federal normal and surtax.....	5,153,900	3,572,865
Foreign income taxes.....	5,754,000	5,574,400
	<u>10,907,900</u>	<u>9,147,265</u>
	<u>11,258,979</u>	<u>9,386,771</u>
DEDUCT Income applicable to minority interests.....	<u>675,035</u>	<u>604,447</u>
NET INCOME FOR THE YEAR.....	<u>\$ 10,583,944</u>	<u>\$ 8,782,324</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	May 2, 1956	April 27, 1955
CURRENT ASSETS:		
Cash.....	\$ 7,279,490	\$ 8,560,479
Marketable securities—at cost, approximating market.....	8,966,481	555,005
Accounts receivable:		
Trade, less allowance for doubtful accounts.....	15,588,568	16,060,630
Sundry.....	1,123,260	1,425,301
Inventories—at average cost or replacement market whichever lower:		
Finished goods.....	47,201,537	48,876,559
Work in process.....	5,986,541	5,917,213
Ingredient and packaging materials.....	27,539,206	26,003,751
	<u>80,727,284</u>	<u>80,797,523</u>
Prepaid insurance, supplies, taxes and sundry.....	3,113,399	2,916,300
Total current assets.....	<u>116,798,482</u>	<u>110,315,238</u>
OTHER ASSETS:		
Investment in non-consolidated Spanish subsidiary—at cost, less advances (Note 1).....	206,649	207,814
Miscellaneous.....	682,467	780,039
	<u>889,116</u>	<u>987,853</u>
FIXED ASSETS:		
Land—at cost.....	2,926,520	2,890,985
Buildings and leasehold improvements—at cost, less accumulated depreciation of \$11,290,011 in 1956.....	28,493,725	25,825,683
Equipment and fixtures—at cost, less accumulated depreciation of \$26,000,809 in 1956.....	32,017,541	27,835,339
Lug boxes, baskets and pallets—at cost, less amortization.....	769,113	690,100
	<u>64,206,899</u>	<u>57,242,107</u>
	<u>\$181,894,497</u>	<u>\$168,545,198</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES, CAPITAL STOCK AND SURPLUS

	May 2, 1956	April 27, 1955
CURRENT LIABILITIES:		
Notes payable and loans on open credit (including portion of long-term debt due within one year)	\$ 1,947,320	\$ 2,160,460
Accounts payable and accrued expenses	18,310,717	15,500,889
Estimated liability for Federal and foreign taxes on income	9,670,553	6,817,288
Total current liabilities	<u>29,928,590</u>	<u>24,478,637</u>
 LONG-TERM DEBT AND OTHER LIABILITIES:		
2.90% promissory notes—principal due from 1958 to 1969	12,960,000	13,470,000
3.25% serial notes of Canadian subsidiary—retired during 1956	—	900,000
4.25% promissory notes of Australian subsidiary—principal due from 1957 to 1976	8,027,649	6,955,000
Liabilities under management profit sharing plan, less portion payable within one year	5,173,077	4,290,470
Other non-current liabilities	4,355,500	4,384,800
	<u>30,516,226</u>	<u>30,000,270</u>
 MINORITY INTERESTS	<u>10,224,736</u>	<u>9,883,220</u>
 CAPITAL STOCK AND SURPLUS:		
Cumulative preferred stock—authorized 181,956 shares—par value \$100 per share—issuable in series:		
3.65% series—authorized, issued and outstanding 81,956 shares in 1956 (Note 2)	8,195,600	8,399,700
Common stock—authorized 2,000,000 shares—par value \$25 per share—issued and outstanding 1,688,897 shares	42,222,425	42,222,425
Capital surplus	6,341,360	6,339,230
Earned surplus:		
Reserved for future inventory price decline, possible loss in foreign assets and other contingencies	5,000,000	5,000,000
Unappropriated (Notes 1 and 3)	49,465,560	42,221,716
	<u>111,224,945</u>	<u>104,183,071</u>
	<u>\$181,894,497</u>	<u>\$168,545,198</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED SURPLUS

CAPITAL SURPLUS	Fiscal year ended	
	May 2, 1956	April 27, 1955
AMOUNT AT BEGINNING.....	\$ 6,339,230	\$ 6,610,408
EXCESS OF PAR VALUE over cost of preferred stock retired.....	2,130	—
EXCESS OF COST over par value of preferred stock retired.....	—	42
	6,341,360	6,610,366
DEDUCT EXPENSES of issue and redemption premium on preference shares issued at par value by British subsidiary, less amount applicable to ordinary shares held by minority interests.....	—	271,136
AMOUNT AT END.....	<u>6,341,360</u>	<u>6,339,230</u>
UNAPPROPRIATED EARNED SURPLUS		
AMOUNT AT BEGINNING.....	42,221,716	36,788,687
ADD NET INCOME FOR THE YEAR.....	10,583,944	8,782,324
	<u>52,805,660</u>	<u>45,571,011</u>
DEDUCT DIVIDENDS PAID:		
On preferred stock—3.65% series.....	300,086	309,496
On common stock—\$1.80 per share.....	3,040,014	3,039,799
	<u>3,340,100</u>	<u>3,349,295</u>
AMOUNT AT END.....	<u>\$ 49,465,560</u>	<u>\$ 42,221,716</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(1) *Principles of consolidation:*

The consolidated financial statements, as in prior years, include the company and all operating subsidiary companies with the exception of the Spanish subsidiary. Consolidated net assets were located as follows:

	May 2, 1956	April 27, 1955
United States.....	\$ 74,142,505	71,511,223
Canada.....	13,952,282	13,529,232
British Isles.....	20,076,768	16,478,140
Australia.....	3,053,390	2,664,476
Consolidated net assets...	<u>\$111,224,945</u>	<u>\$104,183,071</u>

All assets, except fixed assets, and all liabilities, except long-term debt, of the foreign subsidiaries have been converted generally at rates of exchange prevailing at the end of the fiscal year; fixed assets and long-term debt have been stated at their approximate United States dollar equivalent at the time of acquisition. The realization in U. S. dollars of assets located in the British Isles and in Australia is limited by currency and other restrictions of those countries.

Of the net income for the year \$6,697,339 originated from foreign subsidiaries consolidated.

Operating accounts (other than depreciation which was based upon the approximate equivalent dollar cost of fixed assets) were converted generally at average rates of exchange prevailing during the fiscal year. The income of the company from dividends declared and paid by foreign subsidiaries during the year amounted to \$2,096,366 before foreign taxes on such dividends.

At May 2, 1956, the net assets of the Spanish subsidiary, as shown by unaudited financial statements, amounted to approximately \$80,000.

(2) *Cumulative preferred stock:*

The 3.65% series cumulative preferred stock is, until October 1, 1957, callable at \$105.75 per share or redeemable through the sinking fund at a maximum of \$104.25 per share and at decreasing prices thereafter. A payment, not exceeding \$200,000, is required to be made to the sinking fund on or before October 1 of each year.

(3) *Earned surplus:*

Under the provisions of the 2.90% promissory notes, the portion of the consolidated earned surplus which is unrestricted as to the payment of cash dividends on the common stock is not less than \$27,803,702.

(4) *Retirement systems:*

As of December 31, 1955, the company amended its pension plan, including certain revisions in the basis for computing past service benefits, with the result that past service costs were increased by \$2,283,398, as actuarially determined. Such costs are being funded over ten years and \$2,055,058 had not been provided for at May 2, 1956.

The amount charged to income by the company and its consolidated subsidiaries for the year aggregated \$1,440,000 with respect to past service and current service costs.

(5) *Commitments and contingencies:*

Contracts and purchase orders approximating \$17,000,000 have been executed in connection with the construction programs.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

	FISCAL YEARS ENDED		
	May 2, 1956	April 27, 1955	April 28, 1954
Net Sales.....	\$262,425,046	\$234,179,207	\$220,632,934
Cost of Sales.....	<u>170,487,408</u>	<u>151,890,465</u>	<u>149,499,095</u>
Gross Profit.....	91,937,638	82,288,742	71,133,839
Selling, general and administrative expenses (including management profit sharing plan).....	70,121,011	62,740,130	57,374,877
	<u>21,816,627</u>	<u>19,548,612</u>	<u>13,758,962</u>
Other Income—including foreign exchange adjustments.....	741,859	475,452	124,452
	<u>22,558,486</u>	<u>20,024,064</u>	<u>13,883,414</u>
Other deductions—including interest expense.....	391,607	1,490,028	1,328,699
	<u>22,166,879</u>	<u>18,534,036</u>	<u>12,554,715</u>
Provision for taxes on income.....	10,907,900	9,147,265	6,657,155
	<u>11,258,979</u>	<u>9,386,771</u>	<u>5,897,560</u>
Deduct income applicable to minority interests.....	675,035	604,447	311,884
Net Income for the Year.....	<u>10,583,944</u>	<u>8,782,324</u>	<u>5,585,676</u>
Appropriated for possible future inventory price decline, possible loss in foreign assets and other contingencies.....	<u>—</u>	<u>—</u>	<u>—</u>
Balance of net income—to earned surplus.....	<u>\$ 10,583,944</u>	<u>\$ 8,782,324</u>	<u>\$ 5,585,676</u>
Balance of net income per share of common stock—after preferred dividends.....	\$6.09	\$5.02	\$3.12
Cash dividends per share of common stock.....	1.80	1.80	1.80

(A) Per share figures have been adjusted for 1951 and prior years to give effect to the 20% stock distribution in October, 1951.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

April 29, 1953	April 30, 1952	FISCAL YEARS ENDED		April 30, 1949	April 30, 1948	April 30, 1947
		May 2, 1951	May 3, 1950			
\$219,573,998	\$205,991,208	\$189,098,235	\$170,508,252	\$174,877,723	\$169,455,201	\$144,245,863
147,268,476	139,916,553	124,567,518	116,433,519	120,105,287	118,163,726	99,968,218
72,305,522	66,074,655	64,530,717	54,074,733	54,772,436	51,291,475	44,277,645
58,167,806	55,004,941	48,748,889	45,214,589	43,974,306	40,907,636	30,006,611
14,137,716	11,069,714	15,781,828	8,860,144	10,798,130	10,383,839	14,271,034
310,310	859,195	1,026,856	173,064	506,953	433,736	702,443
14,448,026	11,928,909	16,808,684	9,033,208	11,305,083	10,817,575	14,973,477
1,234,948	931,177	1,053,922	981,293	491,505	291,114	205,347
13,213,078	10,997,732	15,754,762	8,051,915	10,813,578	10,526,461	14,768,130
7,374,583	5,010,950	8,197,525	3,567,234	4,291,976	4,493,137	6,163,844
5,838,495	5,986,782	7,557,237	4,484,681	6,521,602	6,033,324	8,604,286
291,983	174,423	134,702	120,664	70,554	—	—
5,546,512	5,812,359	7,422,535	4,364,017	6,451,048	6,033,324	8,604,286
—	—	—	—	—	1,000,000	2,500,000
<u>\$ 5,546,512</u>	<u>\$ 5,812,359</u>	<u>\$ 7,422,535</u>	<u>\$ 4,364,017</u>	<u>\$ 6,451,048</u>	<u>\$ 5,033,324</u>	<u>\$ 6,104,286</u>
\$3.09	\$3.25	\$4.19(A)	\$2.38	\$3.61	\$2.77	\$3.45
1.80	1.80	1.50(A)	1.50	1.50	1.50	1.38

HEINZ LOCATIONS THROUGHOUT THE WORLD

UNITED STATES

PRINCIPAL EXECUTIVE OFFICE: *Pittsburgh, Pa.*

WAREHOUSES AND SALES OFFICES

Albany, N.Y.	*Detroit, Mich.	Louisville, Ky.	Portland, Ore.
Atlanta, Ga.	Duluth, Minn.	Memphis, Tenn.	Rock Island, Ill.
Baltimore, Md.	Fort Wayne, Ind.	Miami, Fla.	Salt Lake City, Utah
Birmingham, Ala.	Grand Rapids, Mich.	Milwaukee, Wis.	San Antonio, Texas
*Boston, Mass.	Greensboro, N.C.	Newark, N.J.	Scranton, Pa.
Buffalo, N.Y.	Hartford, Conn.	New Orleans, La.	Seattle, Wash.
*Chicago, Ill.	Houston, Texas	*New York, N.Y.	Sioux City, Iowa
Cincinnati, Ohio	Huntington, W.Va.	*Oakland, Calif.	Spokane, Wash.
Cleveland, Ohio	Indianapolis, Ind.	Oklahoma City, Okla.	*St. Louis, Mo.
Columbus, Ohio	*Jacksonville, Fla.	Omaha, Neb.	St. Paul, Minn.
*Dallas, Texas	Johnstown, Pa.	Peoria, Ill.	Youngstown, Ohio
Denver, Colo.	Kansas City, Mo.	*Philadelphia, Pa.	
Des Moines, Iowa	Los Angeles, Calif.	*Pittsburgh, Pa.	*Regional Sales Headquarters

WAREHOUSES

Allentown, Pa.	Knoxville, Tenn.	Portland, Me.	Toledo, Ohio
Clarksburg, W.Va.	Nashville, Tenn.	Providence, R.I.	Washington, D.C.
Columbia, S.C.	Norfolk, Va.	Savannah, Ga.	Wheeling, W.Va.
Harrisburg, Pa.	Paterson, N.J.	Syracuse, N.Y.	Wichita, Kans.
	Phoenix, Ariz.	Tampa, Fla.	

PROCESSING PLANTS

Berkeley, Calif.	Fremont, Ohio	Muscatine, Iowa	Tracy, Calif.
Bowling Green, Ohio	Holland, Mich.	Pittsburgh, Pa.	Watsonville, Calif.
Chambersburg, Pa.	Medina, N.Y.	Salem, N.J.	Winchester, Va.

SALTING HOUSE DISTRICT HEADQUARTERS

Big Rapids, Mich.	Greeley, Colo.	Isleton, Calif.	Portage, Wis.
Fremont, Mich.	Holland, Mich.	Plymouth, Ind.	Saginaw, Mich.

Numerous vegetable and pickle receiving stations operate in the areas surrounding the plants and salting houses.

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.

HEAD OFFICE: *Leamington, Ontario*

WAREHOUSES AND SALES BRANCHES

Calgary, Alta.
Edmonton, Alta.
Halifax, N.S.
Hamilton, Ont.

Leamington, Ont.
*Montreal, Que.
Ottawa, Ont.
Quebec, Que.

Regina, Sask.
St. John, N.B.
Sudbury, Ont.
*Toronto, Ont.

*Vancouver, B.C.
Windsor, Ont.
Winnipeg, Man.

**Regional Sales Headquarters*

SUB-WAREHOUSES

Fort William, Ont.

Lethbridge, Alta.

PROCESSING PLANT: Leamington, Ontario

SALTING STATION: Teeswater, Ontario

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.

HEAD OFFICE: *London*

SALES BRANCHES

Belfast
Birmingham
Bradford

Bristol
Cardiff
Dundee

*Edinburgh
Glasgow
Hull

Ipswich
Leeds
Liverpool

*London
*Manchester
Newcastle

Nottingham
Plymouth
Preston

Rochester
Sheffield
Southampton

**Regional Sales Headquarters*

PROCESSING PLANTS: London; Standish

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.

HEAD OFFICE: *Melbourne, Victoria*

SALES BRANCHES

Adelaide, South Australia

Brisbane, Queensland

Melbourne, Victoria

Perth, Western Australia

Sydney, New South Wales

PROCESSING PLANT: Dandenong, Victoria

SPAIN

H. J. HEINZ COMPANY (ESPANA) S. L.

HEAD OFFICE: *Seville*

PROCESSING PLANT: Seville

From these business locations throughout the world, our products are distributed to hundreds of thousands of large and small stores, hotels, restaurants and other institutions in more than 200 countries and territories.

"THE 57 VARIETIES"

1. Heinz Pork & Beans in Tomato Sauce
2. Heinz Boston Style Beans with Pork and Molasses Sauce
3. Heinz New England Style Beans
4. Heinz Vegetarian Beans in Tomato Sauce
5. Heinz Chili Con Carne with Beans
6. Heinz Condensed Split Pea Soup
7. Heinz Condensed Cream of Pea Soup
8. Heinz Condensed Cream of Mushroom Soup
9. Heinz Condensed Cream of Tomato Soup
10. Heinz Condensed Cream of Celery Soup
11. Heinz Condensed Beef Noodle Soup
12. Heinz Condensed Bean Soup
13. Heinz Condensed Gumbo Creole Soup
14. Heinz Condensed Chicken Soup with Rice
15. Heinz Condensed Chicken Noodle Soup
16. Heinz Condensed Cream of Chicken Soup
17. Heinz Condensed Clam Chowder
18. Heinz Condensed Consomme (Chicken)
19. Heinz Condensed Beef Soup with Vegetables
20. Heinz Condensed Vegetable Soup with Beef Stock
21. Heinz Condensed Vegetarian Vegetable Soup
22. Heinz Mince Meat
23. Heinz Puddings—Fig and Plum
24. Heinz Spaghetti, Tomato Sauce and Cheese
25. Heinz Macaroni with Cheese Sauce
26. Heinz Pure Fruit Jellies
27. Heinz Stews—Lamb, Beef, Chicken with Dumplings
28. Heinz Minute Meals—Beef Goulash, Chicken Noodle Dinner, Chop Suey, Macaroni Creole, Spanish Rice
29. Heinz Ready-to-Serve Soups
30. Heinz Pickles—Sweet and Sour
31. Heinz Genuine Dill Pickles
32. Heinz Processed Dill Pickles
33. Heinz Kosher Dill Pickles
34. Heinz Fresh Cucumber Pickle
35. Heinz India Relish
36. Heinz Barbecue Relish
37. Heinz Hot Dog Relish
38. Heinz Hamburger Relish
39. Heinz Pickled Onions—Sweet and Sour
40. Heinz Pre-Cooked Cereals for Infants
41. Heinz Teething Biscuits
42. Heinz Strained Orange Juice
43. Heinz Strained Fruits
44. Heinz Strained Vegetables
45. Heinz Strained Meats
46. Heinz Strained Desserts
47. Heinz Junior Fruits
48. Heinz Junior Vegetables
49. Heinz Junior Meats
50. Heinz Junior Desserts
51. Heinz Prepared Mustard
52. Heinz Tomato Juice
53. Heinz Tomato Ketchup
54. Heinz Chili Sauce
55. Heinz Sauces—Savory, Worcestershire, 57
56. Heinz Dehydrated Horse Radish
57. Heinz Vinegars—Cider, White, Malt, Tarragon

